Silver

50.01 is reasonable value of nationalised silver - not purchase price.

Book II: p. 270
8-13-34
Silver
1st report on silver transferred
to U.S. 8-20-34.........................Book II: p. 293
8-20-34
Silver (arranged chronologically)
If Treasury can carry out mandate of Congress and make it fit in with international trade balance, so much the better; therefore watch shipments of gold. If England owed U.S. $20,000,000, we would buy $20,000,000 worth of silver and there would need be no movement of gold.

Book III: pp. 84-6
10-8-34
Silver
Mexico only government U.S. deals with direct.................Book III: p. 128
10-29-34
Silver Nationalisation deadline was November 7, 1934.
Silver
Nationalisation deadline
was November 7, 1934..............Book III: p. 149
11-12-34
Silver
Cuban purchase

Book III: p. 255
1-31-35
Silver
Price raised after general misunderstanding caused incorrect stories to go out over ticker - April 24, 1935......Book III: pp. 363-4,5 4-25-35
Silver
M. Lopez (Mexican Treasury)
confers with Morgenthau

Book III: p. 373 4-29-38
Silver
60 days elapses between date
of production and time it is
brought to mint............Book IV: p. 39
5-20-35
Silver
McCarran, Senator - answer to his letter on silver............Book IV: p. 71
6-13-35
Silver

"Supply and demand" alone explains
"more brought one month-less another"... Book IV: p. 72
6-13-35
Silver

On Aug. 14, 1935 Treasury bought, in N.Y. (66¢) and in London (65¢) - more silver than total annual domestic production in 1934, estimated at 25½ million ounces; bought from China and India............ Book IV: pp. 174 175, 176

8-14-35
Silver (arranged chronologically)
Morgenthau absent, Coolidge presiding - "not much doing"........Book V: p. 3
9-16-35

"Figures never given out unless a senator, etc. requests them".....Book V: p. 35
10-10-35

Chinese nationalization of silver will give them between 2 and 3 hundred million oz. - info. given "off the record".......................Book V: p. 83
11-7-35

"Seigniorage will be used to retire public debt only, HMJr. reiterates. Book V: p. 127
12-3-35
Silver

"Under excitement Gov't silver........Book V: p. 139

12-12-35

a) HMJr. says he is carrying out the law to the last letter

b) Facts on origin of silver being offered in the world market available for Dept of Commerce

c) Silver has been purchased each day of past week-day by day figures not given but Dept of Commerce publishes the figures on amt. of silver taken in each month.

d) Senate Silver Committee has never been refused any Silver info. they requested

e) Departure from earlier procedure - silver has been purchased in many places; previously most bought in
Silver (con'td)

London


12-19-35

Mexico rumored that some of the silver bullion is being smuggled into some of the Southwestern dead mines and being sold to US Gov't. at premium price for newly-mined silver.........................Book V: p. 161

12-19-35

Chinese - Japanese situation on silver explained by HMJr.........................Book V: p. 164†
Silver (arranged chronologically)

Conference with Mexican Amb., Sec'y of Treas. Suarez

2-2-36.....Book VI: p. 1

HMJr. quotes FDR in Spring of 1934 "I have taken the initiative in talking to several of our neighbors" this conference is in line with that statement.....p. 3

a) results "mutually satisfactory".....Book VI: p. 9

Chinese silver a direct purchase - so HMJr. tells reporters "off the record"; smuggling into Japan has almost stopped; nationalization progressing p. 4

Handy & Harman Annual Report for 1935 says US purchasing policy is failure.....Book VI: p. 27
Silver cont'd.

HMJr. calls attention to 1-20-36 Book VI: p. 45

a) normally Japan handles around 600 or 700 million ozs. a yr.; in 1935 exported " 75 "
b) For 5 yrs. prior to 1935 Hongkong silver imports & exports practically struck a balanced; in 1935 Hongkong exported around 125 million ozs.
c) Sum of Japan & Hongkong = 200 million ozs. - a depressant on any market

HMJr. calls attention to fact percentage of silver to gold is steadily increasing (confidentially 1 to 5 - 21% as of 2-1-36) ... Book VI: p. 116 2-13-36

Canadian monthly output of newly mined with purchased @ Treasury price 3-5-36 Book VI: p. 176
Silver

See China - 6/28/37

8: 346-9
Silver - ($1)

See China - 7/9/37 .......................... 9: 6-16

See China - 7/12/37 .......................... " 17

"Cut-off" date at mines fixed as midnight 12/31/37, in connection with the London Silver Agreement & the Silver Purchase Proclamation - 9/20/37 .......................... " 118-19

Price of silver 77.57 cents - 12/6/37 .......................... " 264
Silver - (§2)

See Mexico - 12/30/37 .................. 9: 310
See United Kingdom, Canada - 12/30/37..... m 310
See Latin America, Peru - 12/30/37....... m 311-12
See China - 12/30/37 ...................... m 312-14
Silver - (#1)

Domestic price reduced; foreign price remains at 45¢ - 1/3/38.................

a) Study made by Treasury on cost of silver production - 1/3/38.......... 10: 4
# 6-7
Silver - (#2)

US buys 35 million ounces accumulated silver $45/ from Mexico, N. Y. or San Francisco delivery - 1/10/38............. 10: 27-38

a) 5 million ounces newly-mined silver bought in January from Mexico under Silver Purchase Agreement - 1/10/38. 29

b) Mexican production 60-70 million ozs. per year - 1/10/38................. 29

c) 2 million ozs. newly-mined silver bought from Canada in January under Agreement - 1/10/38................. 29-36
Silver - (#3)

See Latin America, Mexico - 1/24/38. 10: 44-47

Offer to purchase 5 mil ozs. extended to Mexico; 2 mil ozs. to Canada for month of Feb. 1938 - 1/31/38. 80-81
HMJr states correct amount of silver purchased monthly from Canada is $1,200,000 instead of $2 million stated 1/10/38 - 2/28/38.

a) Agreement with China extended to 6/30/38 - 2/28/38.

b) Agreement with Mexico extended to 6/30/38 - 2/28/38.

Silver - (45)

Agreement with Canada extended for April - 4/11/38

Agreement with Mexico temporarily suspended for April - 4/14/38

a) Any "spot" silver offered on free market is bought on day's posted price, regardless of source - 4/14/38

b) Price offered on 4/13/38 was 43¢-
   4/14/38

c) 3 points of delivery: New York, San Francisco and Denver - 4/14/38
Silver - ($6)

Quantity of silver (mined in Mexico by American refinery, and remelted in US to meet standards) purchased from American refining company - 4/21/38.... 10: 297 & 305

a) Buying silver on free market is only carrying out mandate of Congress - 4/21/38................................. 301

b) All silver subject to assay tests; producers are paid 95% of values, subject to remitting and testing; if of correct fineness they are then paid 100% of day's price offering - 4/21/38................................. 304
Silver - (#7)

Price on silver dropped from 45¢ to 43¢
for everyone - 5/16/38................... 10: 366
Silver - (p.1)

By July 15 US will have purchased over 250 million oz. from China - 6/2/38...

a) New agreement made with China to 7/15/38 - 6/2/38...

Agreement extended for further period (until BWJr’s return, end of August) - 7/14/38...

a) Substantially same amount as before - 7/14/38...

b) All purchases on "day’s price" basis, less refining costs. - 7/14/38...

[Page numbers and dates mentioned]
Silver - (#2)

See China - 9/20/38.............................. 11: 207 - 9

HMJr has not given thought to reducing price of domestic silver; has until 12/31/38 to consider action - 10/13/38

a) HMJr opposes all subsidies - 10/13/38.............................. 268

1. Does not single out subsidy on silver...................... 269-71

See China - 12/15/38.............................. 385
Silver - (#1)

New regulation issued by Congress on silver purchases signed by President and HM Jr - 1/16/39

Procedure to June 30, 1939

exact same as previous one - 1/16/39

See Stabilization Fund - 4/10/39

Silver Purchase Act does not expire June 30 - 5/15/39
Silver - (#2)

a) Thomas Amendment, providing authority
to buy newly-mined domestic silver
expires June 30 - 5/15/39.............. 12: 242

b) Authority to purchase domestic
silver now up for extension before
Congress - 5/15/39..................... 243

Until Congress passes monetary bill, US
without authority to buy silver after
June 30th - 6/29/39..................... 300-9
Silver - (#3)

a) General Counsel to advise HWJr whether owners of newly-mined domestic silver at 77¢ are subject to 50% tax on difference between world and domestic prices - 6/29/39.

b) Agreement with Canada for monthly purchase of 1.2 million ozs. cannot be extended for July - 6/29/39.

c) Act directs Treasury to buy silver 1) until price reaches $1.29 oz.; or 2) when US has 1/4 monetary stocks in silver, "when in public interest" - 6/29/39.
Silver - (34)


d) To lose purchase powers at this time most unfortunate; since 1934 (inception of Act) no one has had to worry about dollar; if legislation not passed by June 30, US monetary situation will go back to that of 1933. - 6/29/39 12:303

e) Foreign silver price dropped in US because London dropped their price - 6/29/39 ............................

f) Failure of Senate to pass same legislation House passed, kills Stabilization Fund, silver purchasing, devaluing power, and affects Tripartite Agreement - 6/29/39
Silver - (#1)

Two separate silver purchase laws passed - 7/6/39.

a) Foreign silver will be purchased as in past, except smelters will be given 4 mos. instead of 5 - 7/6/39.

1. Agreement to purchase 1.2 million ozs. from Canada extended for July - 7/6/39.

b) Domestic purchases remain the same - 7/6/39.
Silver - (#2)

Treasury fixes price at 35¢ as compared to London price of 33.84¢ - 7/10/39........... 13:9

Foreign silver purchases lower since suspension - 7/20/39......................... 31

Quantity of foreign silver reshipped by New York banks to England at 35¢ oz. by waiving their commission - 7/24/39... 34-36
Silver - (#3)

See Japan - 7/26/39.............................. 13: 52-60

Status of silver purchases from Canada still undecided - 9/14/39.............................. " 118

Agreement to take 1.2 million ozs. from Canada signed September 28 for 1 mo. - 9/28/39.............................. " 172

a) Has no bearing on Neutrality bill - 9/28/39.............................. " 173
Silver - (4)

Silver purchase agreement with Canada extended each month - 12/21/39...... 13: 376
Silver

HMJr tells press he has been informed that use of silver in US for arts has doubled from 40 million ounces to 80 million ounces per year - 10/9/41... 19: 17-18
Silver - (#1)

See Stabilization - 1/22/42................ 20: 41-52

Treasury studying matter of repeal of Silver Purchase Act - 2/2/42.........    " 100-06

a) One recommendation M/W favors is selling some surplus silver to industry, where increase of use has grown tremendously - 2/2/42..    " 101

b) Industry has been using silver instead of materials where there is a shortage, such as lead and tin; increased commercial use should hold price firm - 2/2/42..    " 103-05
c) Cites instance of spraying thin coating of silver on cans because of tin shortage - 2/2/42... 20: 103-06

1. Cost of container not materially increased by use of silver.

Treasury legal division is studying problem of whether US can release silver stocks for commercial purposes without legislative authority; HMJr has recommended twice in year that all silver legislation be removed - 3/30/42...
Silver - (#3)
a) Would be used for replacing other critical materials such as tin, copper in processing aluminum, etc., silver would later be returned or newly mined silver used to reimburse Government - 3/30/42 20: 324-26
b) All newly mined silver of Western hemisphere, outside US, is being taken up commercially at price somewhat over Treasury figure of 35\% per ounce - 3/30/42........... 326-28
Silver - (44)

Government not buying silver, all going into industrial use, but under terms of agreement, if industrial demands fall off, Mexico will again sell to US - 3/30/42.

Silver contract to furnish New York State Power Authority 126,000 lbs. per week for Aluminum Company of America to build Massena power line is held up by War Plant Corporation on some loss technicality - 4/23/42...
Silver - (#5)

a) Will be used as substitute for copper - 4/23/42

b) Legislation being drafted to permit Treasury to sell silver outright and relieve Treasury of indemnity responsibility - 4/23/42

398-99

c) HMJr feels that, with vast increase in industrial demands for silver, it should be possible to sell silver newly mined in USA at world market prices; favors repealing all silver legislation - 4/23/42

398-403
1. Mexican and Canadian prices are 35¢ ounce - US mined silver, 71¢ ounce.
2. More silver that can be substituted for copper, etc., means more bullets can be made.
3. Mexico and Canada thus far have maintained 35¢ price but demand will run price up if newly mined US silver is not released for sale at world market price.
WFB requires more silver but Treasury cannot sell any which comes under the Silver Act; would have all silver legislation stricken from books - 5/14/42. Book 21: 24-25

Shortage of silver is seriously affecting industry. Treasury only has about 5 million ounces which is being held in reserve for emergency - 7/30/42.
Silver - (#2)

a) To ease the situation, Treasury has given miners and refiners up to 6 months between time contract is made and delivery effected - 7/30/42.

b) Domestic users and Treasury are impeded by: 1) OPA ceiling prices; 2) WPB priority regulations; and 3) Silver Purchase Act - 7/30/42.
c) Silversmiths unable to purchase foreign or domestic silver at any price, as it is being diverted by WPB priority to war industries - 7/30/42..................

Bill before Congress to permit Treasury selling the 5 million ounces of silver, not covered by restrictions of Silver Purchase Act, to war industries for critical shortages - 9/17/42......

Book 21: 216-17
Silver - (#1)

HMJr reiterates opinion that all silver legislation should be abolished and silver released for War consumption by WPE on priority basis - 12/14/42.

a) US has sufficient silver for coinage but industry needs it as substitute for other materials - 12/14/42...
b) US has worked out plan to lend-lease silver to United Nations for coinage purposes on ounce-for-ounce basis, to be returned after war - 12/14/42. 

1. England and Australia have already indicated they want it, but no loan has been consummated.
2. China may also want some.
HMJr discussed plan to supply some countries with silver on lend-lease for monetization purposes - 7/8/43

a) Mexico seeking to get silver from US, so they could sell more to US for industrial and art groups - 7/8/43

l. HMJr ridicules idea; no lend-lease agreement with them.
By means of "Green Bill" (Pub. Law 37-78th Congress, Approved to 12/31/44 on 7/12/43) Congress has made progress on repealing Silver Purchase Act by releasing silver to essential war industries - 8/12/43. ............... Book 24: 191
Silver


SEE Stabilization - 6/29/44...........

n 273-82
Off the record. Mexican Minister of Finance asked H.M.Jr. at Bretton Woods whether he would consider lend-leasing silver to Mexico for coinage.

India

India has requested additional silver over and above 100 million ounces lend-leased to her.
Silver Agreement, London

See Silver - 9/20/37

9: 118-19
Silver Purchase Act - (#1)

See Silver - 5/15/39

See Silver - 6/29/39

12: 241-44

" 300-09
Silver Purchase Act - (¶1)

Silver Purchase Act

SEE Silver - 7/30/42

SEE Silver - 9/17/42

Book 21: 211-17

315-16
Silver Purchase Act

SEE Silver - 7/8/43.............. Book 24: 107-13
Silver Purchase Proclamation

See Silver - 9/20/37..................... 9: 118-19
16th Naval District, Manila Bay Area, Navy Personnel

See Financing, Government (War Savings Bonds) - 4/30/42............... 20: 424
Sloan, Eugene W., Administrative Director, Defense Savings Staff

See Financing, Government - 3/20/41... 17: 318-332
Small Business

Smith, Tom K.

To be adviser to the Acting Secretary
on banks and banking problems........Book I: p. 19

11/27/33
Smith, Tom K. (President, Boatmen’s National Bank, St. Louis)

See Appointments and Resignations -
9/5/39 ........................................ 13: 72-85

See Appointments and Resignations - 10/19/39 .............. 213-14
Smuggling
France takes steps to prevent
Island of St. Pierre being used as base.................Book III: p. 401
4-22-35
Smuggling
Newfoundland takes steps to prevent use as rum-running base.
Smuggling Zones to 50 miles off the coast to be established........Book IV: p. 147
7-29-35
Smuggling, overseas

Order 8/13/36......................... Book 7: 35
a) HMJr discusses.................... n 29
1. Big problem now is Pacific Ocean
Smuggling, Overseas

See Narcotic Laws, Violation of - 1/14/37... 8: 14-16
Social Security

HJr states funds of old-age pension benefits being used for current expenses "within the law". - 12/13/37...... 9: 279-82
Social Security

See Tax Studies - 2/23/39

12: 91-93
Social Security

See Tax, Studies - 8/14/41.............. 18: 310-16
Social Security

See Tax, Studies - 10/30/41 .............. 19: 74-89
Social Security


SEE Tax, Legislation - 9/28/42..... m 324-30
Social Security

SHE Tax, Pension Trusts - 7/29/43... Book 24: 142-56
Social Security

Vandenberge bill for study of Social Security
2/1/45..........................Book 26: 188
Social Security Board
Listed as an independent office in 1937-38
Budget "without funds"; HMJr. explains they are carried in 3rd. deficiency bill. Book VI: p. 16
1-6-36
Social Security Board

See Railroad Retirement Fund - 3/29/37..... 8: 170

See Railroad Retirement Fund - 3/31/37..... 179

See Railroad Retirement Fund - 4/15/37..... 221-5
Soong, T. V. (Vice-President, Bank of China)

See China - 9/15/38 ......................... 11: 193-4
Soong, T. V.

See Stabilization (re China) -
12/2/40.......................... 16: 118-28
& 135-36
Soong, T. V., Dr., Vice-President, Bank of China

See Stabilization - 4/21/41............. 17: 393-96
Spain

See Foreign Funds Control - 6/16/41... 18: 137-52
Speculation
Finance,
see "Bonds, Government"
Campaign - in New York City - 10/24/36.... Book 7: 193

a) HMJr says he had “lots of competition”
Speeches

See Morgenthau, Henry, Jr. - 5/2/40. . . . . . 15: 2-5
Speeches

SHE Financing, Government, re:
President Roosevelt opening
3rd War Loan drive - 9/2/43.... Book 24: 251-58 &
273-75
Speeches by H.M. Jr. ................. Book II: p 305
8-29-34
Speeches by HMJr.
Radio speech
Fiscal Year, 1936, accounting......Book VI: p. 392
7-1-36
Speeches by HMJr - (#1)

HMJr to make radio speech from Washington, D. C., at 9:45 PM, June 5, to report results of first month's (May) sales of Defense Savings Bonds and Stamps - 6/2/41 18: 93-96

Announces that $438.2 million bonds and $3.5 million stamps bought in 22 States during May; labor, industry, banks, civic organizations - whole nation responding - 6/5/41........... " 110-15
Speeches by HMJr - (#2)

a) Organizing will continue until every community in US has been reached - 6/5/41

b) See text of speech - 6/5/41

HMJr to address Boston Advertising Club September 9, on subject of "Inflation" - 9/4/41

HMJr pleased with newspaper reaction to Boston speech - 9/11/41
Speeches by HJ Jr.

See Tax, Tax-exempt Securities re:
Cleveland speech - 1/26/42.................. 20: 57-80

HJ Jr to speak from Washington, January 26, for benefit of Warm Springs Foundation - 1/26/42.................. 72
Will broadcast over MBS re tax matters, June 3, opening series of broadcasts as follow-up of President's 7-point program - 6/1/42.
Speeches

SEE Financing, Government, re:
John L. Sullivan on income
tax - 3/1/43...................... Book 23: 92-93

SEE Financing, Government, re:
Governor Dewey, Philip Murray,
and William L. Green on 2nd
War Loan drive - 3/27/43.........

139-68
Speeches by HMR

SEE Tax, Income - 2/15/43......... Book 23: 26-30

SEE Financing, Government re:
April 12 War Loan Drive -
3/27/43..................... " 139-68

SEE Financing, Government -
4/19/43..................... " 322-24

SEE Financing, Government -
4/22/43..................... " 332-34
Stabilization - (¶1)

HMJr says Treasury has no power to lend Germany funds to help her situation - 1/21/37.............................. 8: 35-36

Runciman and Niemeyer (British representatives) in Washington to confer with State Department; Treasury has no connection with their visit at this time - 1/25/37................................. 38-40

a) Group meeting with Secretary discussing only regular Treasury business; no connection with Niemeyer and Runciman; strictly surveying
Stabilization - (#2)

a) international monetary situation - 1/25/37......................... 8: 38-43


See Tripartite Agreement - 3/6/37........... n 132-36

See Foreign Exchange - 6/1/37.............. n 299-300

See Stabilization Fund - 6/28/37............. n 342-4
Stabilization

See China - 7/9/37 .......................... 9: 6-16

See Latin America, Brazil - 7/15/37....... 28-30

See Latin America, Brazil - 11/4/37....... 201
Stabilization Fund - (#1)

See Business Conditions - 6/2/38

President and Secretary of Treasury
deny story of William Hillman, INS
London correspondent, that US had
informal conferences with Great
Britain and France on dollar
devaluation - 6/20/38

a) HMJr gives "complete and formal
denial" to rumor - 6/20/38

67-69
Stabilization - (#2)

"Committee for the Nation" denounces HMJr for denying rumor of dollar devaluation, on basis he defended same policy in 1934 before Congress - 6/23/38...

11: 89-90

a) HMJr wants to know: "Who is Com. for the Nation?" - 6/23/38... 89-90
Stabilization - (#3)

Secretary Hull's (State Dept.) statement on trade agreement with Great Britain misinterpreted by press, Gaston explains - 7/14/38......................... 11: 110-15

a) HMJr states that there are no monetary negotiations going on between Great Britain and Treasury - 7/14/38............................ 11: 112-15
Stabilization - (14)

See Tripartite Agreement - 9/15/38...... 11: 177-93
See Tripartite Agreement - 9/19/38...... " 196-7
See Tripartite Agreement - 9/22/38...... " 214
Stabilization - (55)

Agreement for China "to obtain dollar exchange for stabilization purposes, extended for further period beyond Dec. 31, 1938" HMJr - 12/19/38........

a) Gold on deposit Fed. Res. to cover dollar credits - 12/19/38........

b) Silver purchased with dollars - 12/19/38......................

c) See Japan - 12/19/38......................
Stabilization - (#1)

French financial situation greatly strengthened in past 2 months - 1/26/39.................. 12: 40

a) Of 10 nations reporting, France only one whose exports and imports have increased greatly - 1/26/39........... 40

See Gold - 2/13/39............................. 71-75
Stabilization - (#2)

Shipments of gold by Argentina to US necessary to stabilize exchange rate by buying dollars - 4/20/39. 12: 196-7

See Gold - 4/24/39. 206-11

Britain orders cessation of purchases of American securities to discourage capital from leaving England and protect their domestic situation - 5/18/39. 247-52
Stabilization - (42)

Shipments of gold by Argentina to US necessary to stabilize exchange rate by buying dollars - 4/20/39.............. 12: 196-7

See Gold - 4/24/39...................... n 206-11

Britain orders cessation of purchases of American securities to discourage capital from leaving England and protect their domestic situation - 5/18/39.............. n 247-52
Stabilization - (#3)

a) Has no bearing on Tripartite Agreement - 5/18/39

12: 248-52
Stabilization - (#1)

See Appointments and Resignations - Bailie, Burgess, and Smith - 9/5/39...

English pound sterling sales are considerable - 9/18/39..............

a) HMJr disturbed at severe drop in price; does not think large sales are "malicious"; - 9/18/39.......  

b) Two rates (top and bottom) to pound sterling; official rate is $4.02; last quotation; September 18 is $3.83 - 9/18/39.........................
c) US to do all possible to keep American market open - 9/18/39....

d) HMJr does not think English "handled themselves terribly well" on pound-sterling matter - 9/18/39.

e) None of US Stabilization Fund being risked to help stabilize pound sterling - 9/18/39....
f) US has narrowed discrepancy between two pound sterling prices somewhat; hope for further reduction - 9/18/39...

13: 130

g) If speculation in foreign exchange gets out of hand, Title I of Banking Act of 1933 can be invoked to require foreign exchange transactions to be licensed - 9/18/39...

11. For sometime voluntary reports from banks have been accepted in lieu of licensing
Stabilization - (#4)

h) HMJr worried both about the price of sterling jumping around and going down - 9/18/39... 13: 137

See Foreign Exchange - 9/21/39........... " 139-45

See Foreign Trade - 9/25/39.............. " 151-55

Pound sterling is around $3.99 and $4.00; shows signs of straightening out to $4.02 price - 9/25/39.................. " 157-58
Stabilization - (35)

Pound sterling goes to $4.02\frac{1}{2} - 9/28/39. 13: 170

Pound sterling reaches $4.05\frac{1}{2} - 10/5/39. 191

See Latin America, Brazil - 10/16/39.... 204-12
Stabilization - (§6)

For background, HMJr explains that he; Sumner Welles, Under Secretary of State; and Jesse Jones, Chairman, RFC, working on refinancing plan of a South American country to permit them to borrow money and also pay American holders of their bonds - 10/30/39.............................. 13: 253-58
a) If plan is successful it can be used as pattern for helping other Latin American countries straighten out their financing - 10/30/39............. n 254-58
Stabilization - (#7)

b) Brazil owes over $1 billion of external debts and $3 to $4 billion to American bond holders, on which they have not made token payments; neither Brazil nor US can be satisfied with this condition - 10/30/39...

13: 254-58

c) HMJr says country under study is not Brazil - 10/30/39

w 257

d) Correspondent suggests country is Colombia - 10/30/39

W 258
Stabilization - (#8)

HMJr favors using Treasury gold for loans to Latin American countries - 11/9/39

a) Calls self "one of original South American Self-Help boys." - 11/9/39
Stabilization - (#1)

$50 million loan to China, to stabilize currency, approved by Congress - 12/2/40

a) T. V. Soong (Head, Central Bank of China) in US to negotiate loan - 12/2/40

b) Loan will stabilize currency; give power to purchase US products; and protect internal economy - 12/2/40
Stabilization - (#2)

c) Chinese money has been stable, but cost of living has risen greatly - 12/2/40. 

d) Stabilization funds will be used to make loans - 12/2/40. 

e) 3 previous loans totaling $70 million have been made to China: one for $20 million; two for $25 million; part of which has been repaid - 12/2/40.
Stabilization - (#3)

f) Transaction is not a loan but "stabilization operation" - 12/2/40.------------------------ 16: 126

g) US buys yuan with dollars; holds yuan until China can repurchase - 12/2/40.------------------------ " 126-28

h) China can only buy war supplies with funds loaned by Export-Import Bank; not with loan from Stabilization Fund - 12/2/40.------------------------ " 135-36
Stabilization operation, similar to Chinese, arranged for Argentina to stabilize the peso; except in this case, not necessary to consult with Congress as Argentina is not at war - 12/5/40.......................... 16: 139-43

a) Export-Import Bank also making loan, so as to assist US business men - 12/5/40...................... 141
Stabilization - (§5)

b) No clause in contract prohibiting Argentina from trading with Germany; HWJr says it is purely matter of good faith - 12/5/40... 16: 142-43

c) $50 million being contemplated - 12/5/40... 143
Stabilization - (#5)

b) No clause in contract prohibiting Argentina from trading with Germany; HMJr says it is purely matter of good faith - 12/5/40... 16: 142-43

c) $50 million being contemplated - 12/5/40.......................... 143
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$50 million stabilization agreement with China is near completion - 1/2/41.................... 17: 4-5

W. C. Clark (Deputy Minister, Canadian Treasury) discussed relation of their dollar to US dollar and informed HMJr they could get thru rest of year successfully as far as dollars went - 3/17/41.................... 288-91
Stabilization - (#2)

$50 million stabilization arrangement made with Chinese Ambassador Hu Shih and Dr. T. V. Soong (Vice President, Bank of China) ready for signature - 4/21/41.... 17: 393-96
Stabilization

Stabilization arrangement with China operating satisfactorily - 5/15/41..... 18: 64-65

Treasury negotiating with Mexico on stabilization loan - 9/4/41.......... " 318-20

See Gold, re U.S.S.R. - 9/18/41............. " 348-58

See Gold, re U.S.S.R. - 9/22/41.......... " 364-65
Stabilization - (#1)

Mexican Minister of Finance conferred with HMJr re Stabilization Agreement; details will be announced "in near future" - 10/6/41. ............ 19: 4-8
Harry D. White in Rio de Janeiro attending conference of Americas working on plan to establish common unit of currency, supported by gold or silver stabilization fund, for carrying on international export trade - 1/22/42. 20: 41-52

a) Stabilizing currency of nations too complex to undertake; loans to China and offer to Argentina were made to help them stabilize their own currencies - 1/22/42... 46-48
b) HMJr feels stabilization arrangement should not be limited in duration - 1/22/42.

c) Argentine Congress has never ratified loan offered; no funds have been withdrawn - 1/22/42.

d) American business would benefit by eliminating exchange risk of dealing in depreciated currencies - 1/22/42.
Stabilization - (43)

e) Only seeking to establish an
 "export dollar" - 1/22/42......... 20: 52

$500 million loan made to China -
2/2/42................................. " 107-20

a) HMJr to appear before House Foreign
 Affairs Committee to testify on
 loan - 2/2/42............................. " 108-09

b) Loan being made under the 26 Power
 statement and United Nations state-
 ment of January 2, to aid each other
 against the Axis - 2/2/42......... 115-16
1. England also giving help.

c) Loan may be in form of both dollars and gold - 2/2/42

d) Loan is in form of "morale" builder for China and to dismay Axis powers - 2/2/42

e) Loan will be direct appropriation by Congress, will not come out of Stabilization Fund - 2/2/42
f) Two previous Stabilization advances against gold of $50 million each made to China - 2/2/42. 20: 124-25

g) Export-Import Bank has made loans also, as well as Lend-Lease making large commitments, but all have been insufficient - thus Congress asked to make $500 million appropriation - 2/2/42... 125-26
Stabilization - (#6)

Loan to China has been signed by President, passed by House, and before Senate for final approval - 2/9/42.... 20: 144-45

HMJr feels there is need of North-South American bank and some form of hemispheric exchange to stabilize purchasing power of other American nations more equitably to that of US dollar - 2/23/42................................. 185-88
Stabilization - (#7)

a) Cites example of Latin American (Brazil) students' salaries in US, as compared with purchasing power of US employees in Latin American countries where exchange rate is in their favor - 2/23/42

b) Also cited cases where, because of difference in exchange rates in each Latin American country, they were unable to do business with each other - 2/23/42
Stabilization - (#8)

Stabilization agreement made with Ecuador - 3/2/42

Plan for handling Chinese loan awaiting approval of Chiang Kai-shek - 3/2/42

a) $500 million credit will be set up on Treasury books and transfers will be made to Federal Reserve Bank as they draw on it - 3/2/42.
"Off the record", HMJr explains that Treasury's plan was submitted to British, who in turn gave it to treasuries of exiled governments in England, where leak occurred - 3/25/43. a) Experts of other nations invited to US to discuss plan; if British publish theirs, ours is ready and approved for release - 3/25/43.
Stabilization - (#2)

Treasury has been working on currency stabilization for over a year; "tentative draft" given to 34 Allied Nations on March 5 - 4/1/43. Book 23: 181-90

a) HMJr to appear before Congressional Committees to discuss plan and get advice - 4/1/43.

1. Will request usual 2 year continuance of stabilization fund.
Before HMJr appeared before Senate Committees April 5, London papers published whole "exploratory" plan - very embarrassing as HMJr appears before House Committees on April 6, and cannot release anything until afterward - 4/5/43...

a) "Off the record", HMJr believes it was one of Exiled Governments and not British who broke faith and released news - 4/5/43....

Book 23: 202-16

214-16
Purpose of "International Stabilization Fund" explained by HM Jr and Harry D. White, Director of Monetary Research - 4/6/43............ Book 23: 217-59
a) While legal opinions felt Stabilization Fund had authority to act, HM Jr wanted Congress' approval of tentative plan, to assure their support when it reached legislative stage - 4/6/43......................
Stabilization - (45)

b) "Off the record", the British plan is compared with US plan - 4/6/43...... Book 23: 245-52

c) Practically all 34 Allied Nations expected to accept invitation to confer on matter - 4/6/43........... 252-54

Canada will be one of first countries to send full delegation to study US proposals for International Stabilization Fund - 4/15/43................. 297-302
Stabilization - (#1)

Press meeting representatives of Netherlands Government on May 4; here to participate in stabilization discussions - 5/3/43............ Book 24: 6

Preliminary draft outline of proposal for International Stabilization Fund of United and Associated Nations given press - 8/19/43..............
(See printed proposal pp. 219-32)
Stabilization - (#2)

a) Plan based on experience gained from Tripartite Agreement - 8/19/43 ............ Book 24: 208
Stabilization - (#1)

While in Europe, HJr conferred with various Finance Ministers re: stabilization and world bank - 11/4/43 ................. Book 25: 24-25

a) Russia will send experts to study stabilization plan - 11/4/43 .................

HJr gives press copy of statement he will make before Congressional Committees on April 21, concerning International Monetary Fund
Stabilization - (#2)

and International Bank for Reconstruction and Development, as agreed upon by all United Nations at this time, except Russia - 4/20/44 ............ Book 25: 135-79

(See statement pp. 142-46)

a) Believes Russia will concur after studying plan; their delegates late getting to US because of transportation problems - 4/20/44.
b) If Congress approves plan, President will invite heads of other Governments to send representatives to US to confer on subject - 4/20/44..... Book 25: 151-62

1. When agreement is reached Congress must enact necessary legislation to put plan into effect.

2. US contribution to fund would be $2.75 billion in gold; Britain $1.25 billion; Russia approximately $1 billion;
total fund to be $6 billion.

3. $1.8 billion now in Stabilization Fund will be transferred to International Fund.

c) To prevent chaos in world markets; permit liberated countries to resume business; and avoid mistakes of last post-war loans, some such machinery is needed to keep business on Governmental basis.

- 4/20/44  Book 25: 163-64
Stabilization - (#5)

1. Example: With such program, Czechoslovakia can resume trade in 3 months.

d) Exchange rates for various countries will be fixed by consulting Board - 4/20/44. Book 25: 168-69

e) Voting power of nations will be determined by amount of gold contributed to fund - 4/20/44 .................
Stabilization - (#6)

1. Most of smaller countries got some of their gold out before invasion, including Poland and Yugoslavia.

f) Neutral countries and enemy countries, after armistice, may be invited to join fund - 4/20/44. .................. Book 25: 172

Russia concurs in proposal - 4/21/44.  

# 180-99
Stabilization - (#7)

a) Well received by Congress and "Off the record", HMI Jr will recommend to President that he call conference – 4/21/44. Book 25: 182-87

b) Whether World Bank plan is ready, conference will be called on International Stabilization Fund – 4/21/44. Book 185-88

c) China agrees with principles and will be one of 4 largest participants – contributing around $600 million – 4/21/44 Book 189-94
1. France likely to be fifth largest contributor based on formulae used for other countries, viz.:

- Proportion of world trade
- Gold holdings
- Gold Production
- National income.

Stabilization conference will be held at Bretton Woods, N. H., - 6/1/44... Book 25: 213
"Off the record", HMJr tells press that since State Department is to pay expenses of Bretton Woods conference, they expect to run entire conference and also appoint press man in overall charge - 6/3/44.... Book 25; 219-24

a) HMJr Chairman of American Delegation - not host to conference - 6/3/44.........

b) State Department press man will have a Treasury man on his staff - 6/3/44.........
"Off the record", American Delegation practically selected except for members of Congress - 6/8/44. Book 25: 234-40

Press Service #42-39 of June 23 (pp. 264-65), signed by President, given Press, announcing Monetary Conference at Bretton Woods to convene July 1 - 6/23/44.
H. H. Kung, representing China at the Monetary Conference, arrived in D.C., June 23, to attend the Monetary Conference at Bretton Woods - 6/23/44.

a) China does not need most of $500 million loan unused; principal problem is getting manufactured goods and now that B-29's have struck, price of yuan is lowered, only port to ship goods is needed - 6/23/44.
Stabilization - (#12)

(See transcript of President's Message to HMJr., Press Service 42-39, pp. 264-65)

Dr. Kung meets press and says, as representative of China, he favors stabilization of monetary system to end war as well as permit resumption of world trade after war - 6/23/44. .............. Book 25: 268-72
Eduardo Suarez, Finance Minister of Mexico, called on HMJr re: Stabilization Conference and urged that silver be considered along with gold - 6/29/44. ....... Book 25: 273-82
   a) "Off the record," HMJr says Treasury will "resist" inclusion of silver - 6/29/44. ..................
Stabilization fund - $2,000,000,000
(arranged chronologically) Setup.......Book I: p. 103
1/15/34
Stabilisation fund
Federal Reserve of N.Y. is fiscal agent... Book I: p. 104
1/15/34
Stabilisation fund
Figure set because it about equals British equalisation fund......Book I. p. 108
1/15/34
Stabilization fund
Operations to be kept secret.............Book I:  p. 156
2/1/34
Stabilisation fund
Not segregated officially as separate fund.

Book I: p. 175
2/12/34
Stabilization fund
President to account to Congress
at end of period to be specified
later.........................Book I: p. 132
1/22/34
Stabilisation fund
Will never go through General fund....Book I: p. 155
2/1/34
Stabilisation Fund
Statement on..........................Book III² pp. 281, 282

2-11-35
Stabilisation Fund

"First operation in foreign countries on large scale"

Book III: p. 284

2-11-35
Stabilisation Fund
"First operation in foreign countries on a large scale"
(Remark withdrawn).................Book III: p. 286
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Stabilization Fund

Court decision on gold pending;
bankers and dealers in international
exchange cease to operate.............Book III: p. 287
2-11-35
Stabilization Fund
Court decision on gold pending:
bankers and dealers in international
exchange cease to operate
(Decision made).................Book III: p. 296
2-18-35
Stabilisation Fund
Silver can be bought and sold with fund......................Book III: p. 359
3-16-35
Stabilization Fund
Comes to rescue of Bank of France......Book IV: p. 77
6-17-35
Stabilization Fund

Decision to supply dollars needed to keep franc from falling reached on afternoon of Decoration Day.

Book IV:  p. 78

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Stabilization Fund
Action explained - step by step....Book IV: pp. 78-9
6-17-36
Stabilization Fund
English not yet interested
in stabilization............Book IV: p 88.
6-17-35
Statement concerning Tripartite Agreement to be given out in London, Paris and Washington simultaneously explained by FWMJR 10/12/36

a) Level of exchange between 3 countries may be thought of as triangular plane - each corner resting on the foundation of a stabilization fund; each country operates its own fund to equalize its currency by buying and selling exchange in terms of other currencies; no country wishes to accumulate too much paper currencies of other countries; therefore each country to be permitted to convert the other countries' paper money into gold - price to be fixed daily.
b) This represents a divorce of the control of the foreign exchange market from the few individual international speculators; responsible governments will now cooperate to assure a minimum exchange fluctuation.

\[ \text{Book 7: 137} \]

\[ \text{c) Ratio of gold between pound, dollar and franc arrived at by flow of goods, services, etc...} \]

\[ \text{138} \]

\[ \text{d) Eight countries, including France, have now devalued and U.S., through this agreement, achieves minimum of inconvenience for American business..} \]

\[ \text{139} \]
Stabilization Funds - (#3)

e) From now on no more private transactions - no more gold licenses - transactions between governmental banks only.

Original agreement between United States, England and France; now three more (Belgium, Switzerland, Holland) offer cooperation and simultaneously United States, England and France offer to exchange gold on a reciprocal basis with them 11/23/36.
Stabilization Funds - (14)

a) Administration and policy making remain with United States, England and France.

b) Terms changed by permitting transfer of gold between fiscal agents; necessary because Belgium has no stabilization fund.

        Book 7:  240
   c) Operation explained by HMJr.

        "  243

        Extension of law in its present form favored by HMJr 12/10/36.

        "  302

Expenses so slight Appropriations Committee loses interest when HMJr gives annual report.

        "  304
Stabilization Funds - (#5)

HMJr explains continuation of stabilization fund and the right to devalue the dollar always linked in his mind; favors both............... Book 7: 326
Stabilization Fund - (#1)

HMJr will recommend extension of Fund - 1/4/37.

HMJr "tremendously pleased" that Congress extended President's stabilization and devaluing powers - 1/21/37.

a) Authority to issue $3 billion currency did not expire - 1/21/37

See Gold - 4/12/37.
Stabilization Fund - (#2)

See Foreign Exchange - 6/1/37

Regardless of English and French actions on stabilization, $2 billion Fund is adequate to protect US interests - 6/28/37

a) Only $200 million of fund in daily work balance - 6/28/37

b) Tripartite Agreement still working - 6/28/37
Stabilization Fund (US)

See Tripartite Agreement - 11/8/37 ........ 9: 204-15

See Tripartite Agreement - 12/20/37 ........ m 292-97
Stabilization Fund (US) - (#1)

Is composed only of US gold dollars or Govt. bonds - 1/10/38.............................. 10: 36

Fund acts as "channel" to hold gold temporarily for foreign countries, as well as acting as "repository" for US gold - 2/17/38.............................." 148-49

See Tripartite Agreement - 3/14/38..........." 205
Stabilisation Fund (US) - (#2)

$1.8 billion gold in fund - 4/11/38 ........ 10: 266-67
a) $200 million working fund not
separated as to cash and gold -
4/11/38 .................................. 266-67

See Inactive Gold - 4/18/38 ................. 282-294
Stabilization Fund - (#1)

HMJr favors continuance of Stabilization Fund - 1/16/39............. 12: 14-16
a) Did not commit himself on dollar devaluation powers - 1/16/39....... 14-16

HMJr gives 100% endorsement to extension of devaluation powers to January 15, 1941 - 1/23/39......................... 28
Stabilization Fund - (#2)

In response to charges that Stabilization Fund is being used to finance purchases of munitions for France, HJ states, "Fund is not being used, directly or indirectly, or in any way whatsoever, to help any country make any purchases of any merchandise" - 2/1/39................................. 12: 44

a) Business of Stabilization Fund and annual audit available to Congress for publication if they wish - 2/1/39................................. 45-48
Stabilization Fund - (#3)

a) 1. HMJr does not think it in interest of US or relationship with other nations to do so.

2. Books are available at all times to authorized Congressional Committees.

b) HMJr testified fully before Senate Military Affairs Committee as to expenditures from Fund - 2/1/39. ...................... 12: 47-50
Stabilisation Fund - (4)

b) 1. HMJr expresses favor for Senator Couzens' dislike of executive sessions.
2. Hopes Committee will publish his full testimony.

HMJr publishes inquiry from Senator R. C. Lodge, Jr. (Mass.) concerning $12 million net profit to Stabilization Fund, and his reply thereto - 2/9/39.......................... 12: 60-68
(See Press Release No. 16-34, 2/9/39 - 12: 67-68).......................... n 67-68
a) HMJr feels the whole fund plus increment eventually should be used to retire government debt - 2/9/39. .............. 12: 62
b) Biggest expense to fund is communications cost - 2/9/39. 64

HMJr sends identical replies to Senators Lodge and Vandenberg in response to their letters of 2/17 and 14, requesting further information on Stabilization Fund - 2/27/39. .............. 103
Stabilization Fund - (#6)

a) Will appear before Congressional Committee on Weights, Coinage and Measures, 10:30 am. Feb. 28, to testify on bill proposing extension of Stabilization Fund to January 15, 1941, and power to devalue dollar - 2/27/39 .......... 12: 103-06

l. Has asked that Press be admitted to hearing.
Treasuery only asking extension of
Stabilization Fund, Silver Purchase
Act, and President's right to de-
value dollar; no additional authority
needed if international situation does
not change - 4/10/39

a) Not considering revising monetary
powers between Federal Reserve
Board and Treasury, as suggested by
Chairman Eccles - 4/10/39

b) Before taking any action HMJR will
confer with Fiscal and Monetary
Committee - 4/10/39
Stabilization Fund - (#8)

c) Feels all Federal agencies are "cells of same brain, working for same administration and should cooperate" - 4/10/39

See Silver - 6/29/39
Stabilization Fund - (#1)

Operations of fund "held in suspense" from July 1-5 pending passage of legislation extending authority - 7/6/39

See Tripartite Agreement - 9/5/39

"Fund has not bought any securities on open market in last few days," HMJr - 9/7/39
Stabilization Fund - (#2)


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Dec. 15, 1933

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HMJr. plans studies on various phases. Book II: p. 187
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Tax study

Announced by HMJr at White House

8/10/36

Book 7:  17
**Evasion**

Committee studying influx of foreign capital, also investigating rumor that American investors are buying foreign securities to avoid paying taxes in US - 3/4/37.

a) SEC particularly interested and investigating rumor - 3/4/37.

HM Jr prohibited by law to discuss individual tax cases - 6/28/37.
Income

March 15 tax collections below annual estimates - 3/29/37

a) Number of returns 17% higher than 1935 - 3/29/37

b) Number of requests for extensions up 33%, particularly in second and third New York districts - 3/29/37

c) HMJr having extensions investigated; can make no final statement on taxes until he gets report of investigation on extensions - 3/29/37
Income

d) Collection of $82 million windfall taxes postponed to June 1 by Congress; also affects revenue estimates - 3/29/37

Investigation of tax extensions not satisfactory; Under Secretary Magill going to New York to look into matter, personally - 4/29/37
Legislation
HMJr; Jesse Jones, Chairman, RFC; and Marriner S. Eccles, Chairman, Federal Reserve Board, to meet with Speaker of House and Senator Robinson (Ark.) re emergency legislation - 1/7/37...

HMJr studying Wagner (Low-Cost) Housing Bill, involving $1 billion - 3/1/37.
   a) Senator Wagner to confer with President March 2; HMJr wants to be prepared if called on it - 3/1/37.................................
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Miscellaneous
Harrison, Pat, Chairman, Senate Finance Committee, and Doughton, Robert L., Chairman House Ways and Means Committee, state that miscellaneous tax will be continued at least one more year - 3/31/37.................. 8: 180
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Supreme Court rules salaries paid by quasi-
governmental agencies to employees are
taxable income - 5/23/38

a) Case of Gearhart on which ruling
passed - 5/23/38

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King, Eldon, Deputy Commissioner of Internal Revenue, delegate to Tax Committee in League of Nations at Geneva, to discuss tax cooperation and exchange tax information with other nations - 9/27/37...................... 9: 137-39
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$8 billion total alien investments in US (estimated by papers) - 9/23/37............ 127
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HMJr issues statement re investigation of former Pres. Hoover's tax returns -
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a) Denies charges of "persecution"
   made by Prof. Wm. Starr Myers of
   Princeton University....12/4/37... " 250
b) See Press Release No. 11-82 -
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Income:
HMJr explains Internal Revenue order requiring taxpayers with $100,000 or more income to list capital assets - 12/6/37. 9: 259-63
Whiskey Floor Tax

Industry wants "floor tax" placed on whiskey;
Treasury opposes idea

a) HMJr says (for background) $2 per gallon tax is sufficient; higher tax would only encourage bootlegging - 4/28/38.... 10: 326-8
Tires

See Purchases, Govt. - 2/7/38............. 10: 99
Tax - (#1)

Treasury not now making any tax studies on undistributed profits, capital gains for budget or monopoly investigation purposes - 6/30/38. 11: 94-98
Tax - (42)

Studies

In absence of HMJr. Magill says:

a) Study of tax exempt situation being made on: - 7/21/38

1. Salaries
2. Interest on bonds

b) Study of inventory situation, as to which method is better: - 7/21/38

1. last-out, first-out
2. first-out, first-in


**Tax - (43)**

**Studies**

c) Inventory study made at request of copper, hides, and brass manufacturers - 7/21/38 11: 120 & 121

d) Supreme Court decision makes it possible to collect retroactive taxes. Policy will be decided later, study only furnishes necessary data - 7/21/38.
e) Treasury makes continuous studies seeking new sources of revenue - 7/21/38

f) Increase in 1936 over 1932 taxes attributable, in large part, to increase in national income. - 7/21/38
Tax - (45)

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March 15 returns, running considerably above estimates, largely because 4th quarter earnings of corporations were better - 3/23/39

Legislation:
HMJr not counting on new tax legislation to increase revenue - 2/23/39
Legislation: (Continued)

a) Hopes Congress will see there are no deterrents to business men so they can take "normal risk" to make money, and thus create more revenue by increased business - 2/23/39.  (See memo on conference)

b) "What's the use" attitude of business must be cured - 2/23/39.
Legislation: (Cont'd.)

New tax bill pleasing to HMJr -
6/15/39 ........................................ 12: 288

a) Removal of undistributed profits
tax will contribute to recovery -
6/15/39 ........................................ 289

Processing:

HMJr does not favor processing taxes -
1/16/39 ........................................ 5

a) Taxes on consumers are "sufficiently high", HMJr - 1/16/39 .......... 5
Studies:
Consumer:
HMJr reiterates opposition to further increase of consumer tax - 12/2/39... 13: 375-76
a) When tax on consumers reaches over 60% (as is present case)
HMJr thinks it high enough - 12/21/39... 376

Corporation:
See War Conditions, Closing Agreements - 12/4/39... 308-23
Exemption:
HMJr favors eliminating tax exemption on Government securities - 12/21/39.. 13: 372-74

Legislation:
For 6 years Treasury has not made "a definite recommendation on taxes to Congress" - 11/20/39............... " 283
a) HMJr only presents views to Congressional Committees when invited to do so - 11/20/39.... " 283-88
Tax - (43)  

**Legislation:**

b) No tax program in Treasury submitted to President, or any member of Congress - 11/20/39... 13: 286-88

c) HMJr regards Treasury only as "fact-finding body" as regards taxes - 11/20/39................. 287-88
Corporate:
Under Treasury Decision on Sec. 102 of Revenue Act, 62,000 corporate tax returns were examined in four months to determine attempt at avoidance of surtaxes by stockholders - 1/4/40.... 14: 1-8
a) Of 62,000 cases 1600 were closely scrutinized for application of Sec. 102, of which only 13 cases were developed involving $136,000-1/4/40............................ 14: 1-8
Corporate:

1. 7 of 13 cases declared no dividends; 6 declared from 19% to 56%.
2. Average dividend in 1600 cases was 33.8%.
3. 2 cases finally settled and tax paid; 11 pending.
Corporate:

b) 1936 tax law provided from 7% to 27% for undistributed profits tax on net income - 1/4/40 ....................... 14: 2

c) 1938 to 12/1/39, 2 1/2% tax on undistributed net income - 1/4/40... " 3

d) Sec. 102 provides 25% up to $100,000 and 35% over $100,000, where corporation is used to avoid higher surtaxes - 1/4/40....................... " 3

e) Five classes of returns subjected to close examination: - 1/4/40......... " 3

1. Where dividends were less than 70% of earnings
Corporate:
2. Where all stock held by small group
3. Where earnings were out in loans to officers or stockholders
4. Where earnings were invested in securities or properties not related to business of corporation
5. Where failure to declare dividend was prompted by desire to avoid higher surtax on personal income of stockholders
f) Returns under present basis lower than 1936-38 undistributed profits taxes; but survey shows that corporations are being fair in submitting returns - 1/4/40.................. 14: 4-5
g) Only 2 complaints received to 12/1 on application of Sec. 102 - 4/1/40. .............................. 14: 5-6

Treasury intervened in voluntary bankruptcy petition of Associated Gas Properties because they owed Treasury $5.7 million taxes up to 1933; tax liability subsequent to 1933 under investigation - 1/15/40. 14: 24-5

a) Tax liability secured by collateral; $5.7 million will be paid over four years - 1/15/40. .............................. 25-27
Corporate:

b) Appointment of trustee before Northern District Court, challenged by Treasury and SEC on basis that Southern District had jurisdiction - 1/15/40 ............................................ 14: 26

c) Change of venue may be asked from Northern to Southern District - 1/15/40 ............................................ 26-27, & 30-31
Corporate

d) Appointment of trustee of interest to Treasury, as largest creditor - 1/15/40............... 14: 30-2

1. SEC as trustee would be satisfactory to Treasury

See War Conditions, Closing Agreements - 2/1/40......................... " 87-88

See Plant Expansion - 2/5/40..................... " 89-99

See Plant Expansion - 2/8/40..................... " 104-09
Corporate:

HMJr says that from cursory survey of airplane plants, manufacturers advised that administration of tax program does not impede production program - 2/26/40......

a) No foreign buyers are objecting to price being changed - 2/26/40......

b) Foreign prices for airplanes compare favorably with domestic prices - 2/26/40..........................
Income:
See Internal Revenue, Bureau of - 1/29/40.. 14: 68-70

See War Conditions, Closing Agreements - 2/1/40... 87-88

See Plant Expansion - 2/5/40... 89-99

See Plant Expansion - 2/8/40... 104-09
Income:
$621 million collected in taxes for period March 1-20; as compared with $473 million in 1939 - 3/21/40.  

a) EMJr very pleased - 3/21/40.  

b) Does not believe further collections will obviate necessity for $427 million additional national defense taxes - 3/21/40.
Income:

c) Part of increase due to approximately one million employees paying state taxes for first time - 3/21/40...... 14: 191
Tax -(#12)

Undistributed Profits:
See Tax, Corporate - 1/4/40............. 14: 1-8
Excess Profits

See Revenue Revision - 6/10/40............ 15: 119-22

Study being made of excess profits tax for presentation to Congress - 7/1/40.. 208-14

Progress being made on study of excess profits tax - 7/8/40...................... 222-26
Duplicate income tax returns eliminated - 7/22/40.............. 15: 260
Income:

President, Congress and Treasury agree that any new tax laws passed would apply to 1941 income and would not affect 1940 returns - 12/2/40.......... 16: 131-33

a) Decision made public to enable business men to close books and know what amounts to withhold in 1940 - 12/2/40.......... " 132

See Financing, Government - 12/9/40.. " 165-80

See Financing, Government - 12/16/40. " 201-03
Income, Amortization Provisions:
See Willkie, Wendell L. - 10/24/40... 16: 13-14
Tax - (43)

Municipal:
See Financing, Government - 12/9/40... 16: 165-80

See Financing, Government - 12/16/40... " 201-03
State:
See Financing, Government - 12/9/40... 16: 165-80
See Financing, Government - 12/16/40... 201-03
Tax - (45)

Tax-Exempt Securities:
See Financing, Government - 11/7/40.... 16: 74-90
Tax - (#6)

Withholding:
See Tax, Income - 12/2/40............. 16: 131-33
Corporations:
See Financing, Government - 4/17/41... 17: 370-86
Excess Profit:
See Financing, Government - 4/17/41... 17: 370-86
Sales:
HMJr opposed to sales taxes on coffee, tea, sugar, - "things on poor man's table" or any basic food - 4/28/41.... 17: 410-12
Savings Bonds, U. S. ("Baby Bonds"): All holders of U. S. Savings Bonds will pay taxes on them after March 1, 1941 - 2/17/41.
Tax-Exempt Government Securities:
See Financing, Government - 1/2/41

HMJr wants it made clear that his proposal to remove tax exemptions from government securities covers only future issues and will not be retroactive - 1/2/41............................. 8-9

See Financing, Government - 1/9/41.... 24-31
Corporation:
See Tax, Profit Limitation - 9/25/41... 18: 372-85
See Tax, Profit Limitation - 9/29/41... " 386-403
Excess Profits:
Proposal submitted to Congress on excess profits tax would increase yield from corporations, including income tax, net of $1.96 million - 5/19/41 ............ 18: 66-67
a) Net increase in corporation taxes is about $303 million over previous recommendation of Treasury - 5/19/41 ............ n 66-67
Excess Profits:
Ways and Means Committee of House of Representatives rejected Treasury's recommendations, for increasing excess profit taxes on corporations - 6/5/41.

a) HMJr predicts that defense program is going to demand that corporations contribute liberal share of their profits to pay expense; is willing to bide his time until conditions prove his recommendations are warranted - 6/5/41.
Tax - (#3)
Excess Profits:
See Tax, Profit Limitation - 9/25/41... 18: 372-85
See Tax, Profit Limitation - 9/29/41... n 386-403
Excise:
Treasury informs Congressional Committee it would be agreeable to increasing excise tax on durable goods, such as automobiles, refrigerators, cameras, clocks, etc., which in turn should offset the proposed reduction of excise tax on non-durable commodities - 5/19/41... 18: 68-69
In response to Bishop Wm. T. Manning’s statement that joint income tax returns make people live in sin, HMJr feels if a "man's wedded life depends on his tax returns, it hangs on a pretty thin thread" - 7/21/41. . . . . 18: 64-65

HMJr favors joint tax returns, with one proviso that either husband or wife can earn separate incomes - 8/4/41. . . . . " 272-74
Tax
Municipal:
See Tax, Studies - 6/12/41............ 18: 124-36
Profit Limitation:

In hearing before Senate Banking and Currency Committee, HMIr made statement proposing 6% limitation on war profits – 9/25/41.

a) His suggestion met with favorable newspaper stories; also endorsed by American Legion – 9/25/41.

b) Since members of Army and Navy must make many sacrifices, businessmen, farmers, and workers should be willing to accept reasonable profits – 9/25/41.
Profit Limitation:

1. No one should have special advantage from national defense spending - especially from profit angle.

c) Means must be found to equalize effect of limitation on big and small business - 9/25/41

d) Matter should be handled as separate bill by Ways and Means Committee and not as rider on Price Control bill - 9/25/41
Profit Limitation:

1. No one should have special advantage from national defense spending - especially from profit angle.

c) Means must be found to equalize effect of limitation on big and small business - 9/25/41........ 18: 379-85

d) Matter should be handled as separate bill by Ways and Means Committee and not as rider on Price Control bill - 9/25/41...... " 380-81
Tax - (#3)

Profit Limitation:

Treasury studying whole 6% profit limitation problems so as to make it most equitable - 9/29/41. 

a) Study will require several months to prepare bill; tax then will apply to 1942 business - 9/29/41. 
Tax
State: See Tax, Studies - 6/12/41. 18: 124-36
HMJr asked Drs. Luther Gulick, Harold Groves, Mabel Newcomer, and Clarence Heer to assist Treasury in making a study of overlapping of Federal, State, and Municipal taxes, with a view to eliminating confusion of overlapping and expense incident to present independent political factions, each levying and collecting their own.

6/12/41

18: 124-36
Studies:

a) Feels greater economy, efficiency, and productiveness can be achieved - 6/12/41. ......................... 18: 125-27

b) When FDR was Governor of New York, HMJr had similar study made; many basic changes were made as result - 6/12/41. ....... n 126-34

c) See formal statement - 6/12/41. n 136
Tax - (#3)

Studies:
H. M. Jr. opposed to enforced saving; prefers broadening of social security coverage; Treasury now studying 3 phases of taxes to curb inflation and provide future "cushion" for workers when war is over:
1. Bringing more people under social security, such as agriculture and domestic workers.
2. Increasing the percentage now being contributed by employer and employee.
Tax - (#3)

Studies:
HMJr opposed to enforced saving; prefers broadening of social security coverage; Treasury now studying 3 phases of taxes to curb inflation and provide future "cushion" for workers when war is over:

1. Bringing more people under social security, such as agriculture and domestic workers.

2. Increasing the percentage now being contributed by employer and employee.
Studies:

3. Possibility of establishing "Separation Wage" as cushion for workers when war work falls off. - 8/14/41.  

a) Will present plan to Congress for their study and consideration as anti-inflation measure - 8/14/41.
Tax - (#1)

Tax-Exempt Securities:
When partially tax-exempt Federal securities were sold no one realized the exemption was equivalent to 24% - 5/1/41. ......................... 18: 8-10

a) Proposed plan for placing surtax on partially exempt Federal securities does not affect deductions in determining normal tax net income; but income from them will not be deducted in determining surtax net income - 5/1/41. ......................... 18: 8-9
Tax - (2)

Tax-Exempt Securities:

b) Partially exempts already subject to other types of surtax, viz: 5/1/41.

1. Surtax under Section 102 for withholding disproportionate amount of earnings and personal holdings;
2. Holding company surtax;
3. Declared value of excess profits.
Tax - (#3)

**Tax-Exempt Securities:**

c) No taxation of new issues will become retroactive to tax-exempt bonds previously issued - 5/1/41.

See Tax, Income - 5/1/41.
Treasury studying plan to sell taxpayers some form of security, which would save weekly or monthly sums toward paying taxes due in next calendar year - 5/1/41...

Suggestions for providing tax anticipation securities being sent to Federal Reserve Banks to obtain suggestions and criticisms from various sections of US - 5/22/41.............. " 82-83

See Financing, Government - 7/3/41.............. " 204-11 & 218-21
Tax - (#2)

Tax Notes:

See Financing, Government - 8/4/41 .... 18: 270-72

See Financing, Government - 8/14/41 .... 309
Corporate: 
HM Jr issues statement that Treasury does not contemplate suggesting any change in capital loss and gain taxes on financial transactions for year 1941, nor any further taxes on income earned in 1941 - 11/27/41. .... 19: 167-68
Tax - (#1)
Income:
See Tax, Tax Notes - 10/23/41 ........ 19:55
With Japanese attack on Pearl Harbor and declaration of war, greater expenditures will be needed, which will mean corresponding increase in taxes - 12/8/41. 

a) HMJr feels people will now be more willing to pay taxes - 12/8/41...
Chairman Doughton (House Ways and Means Committee) announced that HMJr had met informally with them and offered suggestion that consideration should be given to enacting another tax bill, to be effective January 1, 1942, for main purpose of preventing inflation, also to provide additional revenue for national defense - 11/6/41.

a) HMJr explains, "off the record" that they met in executive session, at which time he begged members not to divulge
Legislation:

Subject of meeting as he was worried about inflation and rate cost of living is increasing.

11/6/41

19: 106-12

1. Did not want speculators to take advantage of Congress' apparent lack of interest in inflation.

2. Feared it would discourage buying Defense Savings Bonds.

3. Wants subject to die down until Congress acknowledges seriousness of situation and does something to remedy it.
Legislation:

b) Feels taxation and price control will do much to curb inflation - 11/6/41..................... 19: 114-15

Paul, Randolph E., appointed as Consulting Expert, October 22, 1941, to assist Assistant Secretary Sullivan in preparing tax bills, and coordinating various Treasury divisions handling tax matters - 12/15/41............... 240-43 & 246-48
Tax - (#1)

Studies:

Study of entire tax situation, including Social Security, continuing; Treasury has estimate of how much purchasing power people have, for which no goods will be available - 10/30/41...

a) Study covers whole financing program of government; in view of Treasury's borrowing program for national defense, no single agency can be called "able to stand on own feet" - 10/30/41...
Tax - (#2)

Studies:

1. Inflationary effects must also be controlled.
2. Other financing programs must give way to Defense Program.

b) Vast sum of money must be raised for Defense Program through taxes, borrowing and whatever other necessary means, including curtailment of non-defense expenditures - 10/30/41... 19: 83-89
Tax - (#3)

Studies:
Treasury studying entire tax question and welcomes any outside advice or suggestions - 11/24/41. ............... 19: 146-66
Tax Notes:
To assist public, HMJr is requesting all banks to insert circular on tax anticipation notes in November statements to customers, which explains what their taxes are - 10/23/41.
Tax

Excess Profits:
See Tax, Legislation - 4/27/42 ....... 20: 404-20

See Financing, Government - 4/30/42.. n 427-35
HMJr will consider plans to make it easier for persons losing their jobs, due to war conversion, to pay income taxes - 1/22/42

See Tax, Tax-Exempt Securities - 1/26/42

See Tax, Tax-Exempt Securities - 1/29/42

See Tax, Studies - 3/9/42
Tax - (42)

Income:

See Financing, Government (Defense Savings Bonds and Stamps) - 3/16/42.. 20: 302-03

See Tax, Legislation - 4/27/42........... " 404-20

See Financing, Government - 4/30/42.... " 427-35
Tax

Invested Capital:
See Tax, Legislation - 4/27/42...... 20: 404-20

See Financing, Government - 4/30/42. 427-35
Tax - (#1)

Legislation:
To save time Congressional finance committees and Treasury have adopted new procedure of having their respective staffs collaborate on working out most mutually agreeable tax plans before HMWr testifies on Hill - 1/22/42

a) HMWr is confident $7 billion asked for by President can be raised without question - 1/12/42
Tax - (#2)

Legislation:
See Tax, Tax-Exempt Securities -
1/26/42

See Tax, Tax-Exempt Securities -
1/29/42
Conferences between Congress and Treasury tax staffs have been helpful and time saving in agreeing on many questions of taxation before bill is introduced.

2/19/42.............................. 20: 153-58

a) HMJr expects discussions to conclude in matter of days.

2/19/42.............................. 157-58
Tax - (#4)

Legislation:

HMJr will testify before House Ways and Means Committee on March 3, on taxes to raise $7 billion - 2/23/42. 177-82

a) Loss in tax revenue, occasioned by men going into armed forces, will have to be absorbed by those remaining in civilian capacities - 2/23/42. 182

b) Administration still opposed to 2% sales tax - 2/23/42. 182
Tax - (#5)

Legislation:
HMJr gives press copy of statements to be made by him and Randolph Paul before House Ways and Means Committee outlining Treasury suggestions on first Revenue Act of War - 3/2/42... 20: 204-59 (See HMJr's statement pp. 204-233; Paul's statement pp. 234-259)
Tax - (46)

Legislation:
HMJr has Randolph Paul give press Treasury's definition of excess profits tax made by a concern in addition to income credit as distinguished between tax on invested capital - 4/27/42

a) HMJr disappointed he was not asked to testify on his original 6% excess profits tax, but plan presented to Congress is expected to produce about $500 million more taxes - 4/27/42
Legislation:

b) In discussing $25,000 limitation on salaries, Randolph Paul points out: 1) with 90% tax on $100,000 income, man would have to make $290,000 to clear $50,000 after taxes; 2) To clear $25,000 after Federal taxes (state, municipal, et. al., not considered) man would have to earn $65,000; 3) Randolph Paul will appear before Ways and Means Committee on April 28, at which time he will, no doubt, be asked for suggestions.
Tax - (#8)

Legislation:
See Financing, Government - 4/30/42 20: 427-35
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1/29/42........................................... 94-95
See Tax, Studies - 3/9/42............. 260-81
See Tax, Legislation - 4/27/42......... 404-20
Research Division of CPA furnished HMJr figures showing potential purchasing and tax power of various income groups (average family of 3½-4 persons) as basis on which he opposed lowering income tax exemptions or imposing sales tax, as follows:

1. $750 income of single person pays $130 in "hidden" Federal, State, and local taxes; or 17.3% of income; works 8 weeks to pay taxes. (1942 basis of Federal, 1941 basis of State and local tax figures)
Tax - (#2) Studies:

2. $1500 income of married person with no dependents pays $250 or 16.7%; works about 8 weeks to pay taxes.

3. Average family (3½ persons) with income of $500 are in debt $410; must have aid from community.

4. Family income of $750-$1000 in debt $176.

5. Family income of $1000-$1250 in debt $104.

6. Family income of $1250-$1500 save $46 a year.
Tax - (#3)

Studies:

7. $2500 is income level of majority - 3/9/42.

8. Family income of $1500 or over save $155; savings increase rapidly from there on.
   a) Taxes on cigarettes, candy, soft drinks are "semi-luxury" taxes - 3/9/42.
b) Defense Savings Bonds will be sold to people earning regular or increased pay in war work: 3/9/42.............. 20: 270-71

c) Statistics compiled by Hildegarde Kneeland, on loan to OPA from Home Economics Division, Department of Agriculture - 3/9/42.............. 274-75
d) Groups below $1250 have not enough purchasing power to cause inflation; but many will rise into $1250 or over brackets doing war work and will be able to buy Defense Bonds and pay taxes - 3/9/42

e) Increased Social Security Taxes are "savings" against unemployment, old age, sickness, etc., are not to be compared with other types of forced savings - 3/9/42
HMJr hopes to sell $1 billion bonds a month - 3/9/42
Tax - (#1)

Tax-Exempt Securities:

In Cleveland speech, H.M.Jr stated he favored taxing outstanding tax-exempt state and municipal securities, but not taxing outstanding Federal securities - 1/26/42. ......... 20: 57-80

a) This is departure from previous position, but is approved by President on account of the war - 1/26/42. .......................... 59
Tax - (#2)

**Tax-Exempt Securities:**

b) Matter of right of city, state, and Federal Governments to tax each other's securities, must be settled by Courts - 1/26/42...

c) Taxing state and municipal securities is estimated to produce $200 million additional revenue - 1/26/42...

d) Must have favorable court decision and legislation repealing prohibiting law before taxation can be enforced - 1/26/42....
Tax - (#3)

Tax-Exempt Securities:

e) Federal Government has been taxing its own bonds since passage of Public Debt Act, effective March 1, 1941 - 1/26/42. ........ 20: 71

f) HM Jr "does not intend directly or indirectly to break contract with holders of outstanding tax-exempt government securities" - 1/26/42 73-74 & 80
Tax - (#4)

Tax-Exempt Securities:

1. On other hand there is no contract between Federal Government and holders of state and municipal securities.

   g) Outstanding Federal, State, and Municipal securities as of June 30, 1941, are:

   1. US Government and Federal instrumentalities, wholly tax-exempt, $9.9 billion;
Tax - (#5)

Tax-Exempt Securities:

2. US Government and Federal instrumentalities, partially exempt, $35 billion;

3. US Government and Federal instrumentalities, wholly taxable, $11.4 billion;

4. State and Municipal, $20 billion - 1/26/42 ........ 20: 74-75

h) Tax on outstanding State and Municipal securities would go in effect July 1, 1942 - 1/26/42 ......................... 76
Tax - (#6)

Tax-Exempt Securities:

1) HMJr will present plan to Ways and Means Committee when called and will be speaking for Administration in doing so - 1/26/42 20: 76-79

j) Normal income tax will not be lowered, nor will it be increased; increases should be in form of surtaxes - 1/26/42.................. 79-80
Tax - (#7)

Tax-Exempt Securities:

HMJr received only 1 favorable and 1 unfavorable telegram on matter of taxing State and Municipal securities - 1/29/42. ..................... 20: 94-95
Tax Examination: SBE Tax, Income - 5/14/42..... Book 21: 8-20
Tax

Evasion:

700 companies holding war contracts will be investigated to determine whether they are reporting correctly on earnings and tax payments - 6/1/42.

Book 21: 57-61
Tax

Head: SEE Tax, Income - 5/14/42..... Book 21: 8-20
Tax - (#1)

Income:

Lowered individual income tax exemptions of $600, $1200, and $300 as recommended by Treasury, changed by Congressional vote to $500, $1200, and $400 - 5/14/42. Book 21: 8-20

a) Action based on statistics of Bureau of Labor Statistics showing increased income in $2000 and $3000 income group - 5/14/42....

8-11
b) Of $1.1 billion that will be raised by new taxes, $100 million will be raised by lowering exemptions - 5/14/42.

c) New tax bill increases levy on $2000-$3000 group and brings in another lower income group, which is an anti-inflationary measure - 5/14/42.
d) HMJr approves Senator George's suggestion that every taxpayer, whether liable for income tax or not, pay an "examination tax" which would contribute revenue and help defray cost of examining small returns; this source might produce $100 million - 5/14/42.... Book 21: 15-17
Law requires that, in addition to cash, anything of value (such as board) will be reported as income; this will bring in farmers and domestic servants heretofore not taxed - 5/14/42.............

1. Constitutionality of "head tax" must be investigated before "examination" tax could be levied.
HMJr gives press copy of statement issued by Standard and Poor reflecting Treasury's views against withholding income tax at source, increasing Social Security rates, and enforcing savings plans all at once "at this time" - 6/4/42.
Income:

a) Opposes compulsory savings in belief that more bonds will be bought on volunteer basis - 6/4/42

SEE Financing, Government - 6/15/42

Beginning January 1, 1943, 5% of taxable net income, due March 15, 1944, will be withheld at source - 6/25/42
Income:

a) HMJr also favors allowing monthly deductions or payments to pay 1942 tax due March 15, 1943 - 6/25/42...

b) Chairman Doughton also favors monthly payment plan - 6/25/42............

HMJr disapproves the Beardsley Ruml plan of skipping 1 year's taxes to put everyone on pay-as-you-go basis, since this would mean loss of 1 whole year's taxes that are badly needed now - 7/27/42......
"Off the record", HMJr states that the "Ruml plan" is designed to help a few high salaried executives. Book 21: 265-69

a) Treasury suggested plan to Senate Finance Committee which would eliminate special groups benefitting by plan, and HMJr feels this will kill interest in plan - 8/24/42.
Tax - (#9)

Income:

HMJr agrees that any plan which allows people to pay taxes currently would be helpful - 8/27/42

Book 21: 272-73
Tax - (#1)

Legislation:
HMJr feels that a "spendings tax" is only means of taking up the $20-$30 billion gap between the public's buying power and purchasable goods - 9/10/42.

a) Would raise $6\frac{1}{2}$ billion as compared with Senator George's proposed "Victory Tax" producing $3\frac{1}{2}$ billion; would be a deterrent to spending; and encourage in investing in Government securities - 9/10/42.
b) "Off the record", HMJr feels that borrowing from banks is not inflationary, if people do not use the money to compete against each other for goods - 9/10/42........ Book 21: 295
1. Has had the advice of Jacob Viner, Walter Stewart, and other outstanding economists and bankers and this is their conviction.
Tax - (#3)

Legislation:

2. See article, "Inflation: Menace or Bogey?" by Jacob Viner, between pp. 305 & 306 - 9/10/42 Book 21: 295-97

c) The proposed "spendings" tax is intended "to supplement the bond purchase program", as payroll deductions and voluntary savings are not meeting expenses of war program and HMJr feels the "spendings" tax, plus the regular
Tax - (#4)

Legislation:

financing, etc., will supply
the required funds - 9/10/42 Book 21: 282

d) If some relief is not pro-
vided in present tax bill,
eventually, some form of
"forced savings" must be
imposed to meet cost of
waging war - 9/10/42......

Tax bill as being drafted, is wholly
inadequate because:
Tax - (#5)

Legislation:

a) Yield is insufficient, only $24 billion instead of $30 billion needed.

b) Does not contain provision for restriction of expenditures, and leaves loopholes such as depletion, exemption on past tax-free issues, only future issues taxed; and joint returns.

c) No provision is made for "spendings" tax - 9/17/42.......... Book 21: 317-21
d) As result, some legislation must be enacted which will be deterrent on spending and incentive to save - 9/17/42. Book 21: 321

HMJr gives formal statement on Vandenburg Amendment citing need for increased Social Security schedules, as of January 1, 1943, the yield from which is expected to defray war costs, as well as act as an inflation control - 9/28/42. 324-30 & 40
Tax - (#7)

Legislation:

a) Vandenburg Amendment would reduce revenue over $1 1/2 billion, instead of producing additional increase of $2 billion - 9/28/42. ... Book 21: 325

Tax

Spending:
- SEB Tax, Legislation - 9/10/42...
- SEB Tax, Legislation - 9/17/42...

Book 21: 280-305

# 317-21
Tax

Victory:

SEE Tax, Legislation - 9/10/42. Book 21: 280-305
**Tax Withholding:**

H MJ r reads press statement by Chairman Doughton of House Ways and Means Committee, to effect that Treasury's 10% tax deduction at source proposal needs more study, but is not dead - 5/25/42.

**SEE** Tax, Income - 6/25/42.

Book 21: 36-37

# 119-25
Income:
SKE Internal Revenue, Salary

After visit to England, HMJr states that US income tax, (including Federal, State, and local but not excise, property, etc.) is about \( \frac{1}{3} \) as much as England and Canada are levying - 11/2/42........

SKE Internal Revenue, Salary
Stabilization - 10/29/42......

\[ \text{Book 22: 27-36} \]
\[ \text{63-66} \]
\[ \text{81-111} \]
Income:

For income tax controls, owners of corporate and Government bonds were required to submit "ownership certificates" when presenting interest coupons for collection; this involved handling of approximately 8 million such pieces by individuals, banks, Federal Reserve Banks, Treasury or home offices of domestic corporations.
Requirement canceled by Treasury Decision 5204, except on tax-free issues - 12/28/42. Book 22: 281-94

Tax - (#1)

Legislation:

Tax bill passed by Congress will produce a maximum of $24 billion, whereas Treasury estimates needing a minimum of $30 billion - 10/5/42.............. Book 22: 13-17

a) Treasury preparing another bill to achieve $30 billion requirements or more - 10/5/42.....................

"Off the record", HMJr states that there is no rift between him and James F. Byrnes of Office of Economic Stabilization on financing war; they both are working
Tax - (#2)

Legislation:
toward same goal - 11/19/42 Book 22: 196-210

a) Had OWI cleared speech
    made by Byrnes, before
    New York Herald Tribune Forum, with Treasury, in which he advocated
    compulsory savings he would not have mentioned it; this
    is second time OWI has slipped up on Treasury matters -
    11/19/42.............
Tax - (#3)

Legislation:

b) Treasury has advocated "spendings" tax and still does - 11/19/42...... Book 22: 206-210
Tax - (#1)
Income:
Because of various pay-as-you-go tax plans, March 15 receipts below expectancy; HMJr to broadcast February 15, explaining that March 15 payments must be made - 2/15/43

Book 23: 26-30

SHE Financing, Government -
2/18/43

" 42-54

SHE Financing, Government -
3/1/43

" 92-93
Income:

SEE Financing, Government -
3/18/43

SEE Financing, Government re:
Ruml Plan - 3/27/43

SEE Financing, Government -
3/29/43

SEE Financing, Government -
4/8/43

Book 23: 115-17

159-63

169-71

277-80
"Off the record", HMJr thinks an informer gave information that caused publicity in Thomas J. Watson income tax investigation case - did not come from Treasury - 4/19/43.
Municipal Securities:  
SER Financing, Government -  
2/18/43

Book 23: 42-54
State Securities:
SEE Financing, Government -
2/18/43

Book 23: 42-54
In June, 1941, BMJ appointed committee composed of Drs. Luther Gulick (Director, Institute of Public Administration), Harold M. Groves (University of Wisconsin), and Clarence Heer (University of North Carolina) to make study of overlapping of Federal, State, and Municipal taxes; report now ready for publication - 2/25/43. Book 23: 82-85
Tax - (42)

Studies:
Report will be distributed to 48 Governors by Treasury and Congress will also publish it - 3/29/43.... Book 23: 174-76
Tax

**Tax-Exempt Securities:**

SEE Financing, Government - 2/18/43

Book 23: 42-54
Tax

Withholding:

SHE Financing, Government -

4/8/43................................. Book 23: 277-80
Auto:
Complaints by auto owners against paying $5 per year tax not justified; HMJr feels anyone can afford to pay tax who can afford to own auto - 7/1/43..............

Book 24: 97-98
Tax

Corporate:

SEE Financing, Government -
8/12/43

SEE Financing, Government -
8/18/43

Book 24: 181-89

192-201
Tax

Excess Profits:

SEE Financing, Government -
8/12/43............................. Book 24: 181-89

SEE Financing, Government -
8/18/43............................. n 192-201
Tax


SEE Financing, Government - 8/18/43................................. 192-201
Income:

HMJr personally recommended exemption from taxation of families of service people killed in action - 5/17/43.

HMJr agrees with Congressman Doughton's statement that new income tax levy should not apply to 1943 incomes, but hopes excise tax becomes immediately effective - 6/17/43.
"Off the record", investigation was made of United Mine Workers' and John L. Lewis' relationship to "B Mine" at Springfield, Illinois, and copy of findings sent to Justice - 7/15/43. Book 24: 127-32

SEE Financing, Government - 8/12/43. 181-89

SEE Financing, Government - 8/18/43. 192-201
Criticism that Treasury has failed to present revenue plans to Congress is wholly unjustified - definite recommendations have been made on every tax bill since HJM has been Secretary - 6/17/43. . . . . Book 24: 53-56

a) "Pay-as-you-go" was plan for paying taxes, not for raising revenue - 6/17/43. . . . .
Tax - (#2)

**Legislation:**

Treasury presented several combinations of plans for raising $16 billion - 6/17/43............ Book 24: 56-59

a) HMJr aims to produce 1/2 cost of war from taxes as being only fair figure; present taxes producing about 1/3 - 6/17/43............

SEE Financing, Government - 8/18/43.........................
Tax - (#3)

Legislation:
SEE Financing, Government - 8/26/43

SEE Tax, Studies - 9/2/43

Book 24: 244-50

258-72
Pension Trusts:

Senator Taft's (Ohio) accusation that Treasury had issued regulations in defiance of Senate Finance Committee held unjust - 7/29/43

a) Regulations issued by Treasury designed to close tax-exemption loopholes, so pension plans discriminating against $3000 or under wage earners (96% of all employees) and giving
higher paid employees benefit of more than 33-1/3% of earnings in form of pensions, can be taxed - 7/29/43

b) Social Security cuts off pensions at $3000; private plans must cover higher paid employees, but must be kept on equal basis with Social Security - 7/29/43
Tax - (#3)

Pension Trusts:

c) Commissioner of Internal Revenue
given direct instructions that
tax benefits cannot be given to
plans which are found to discrim-
inate in favor of higher paid
workers - 7/29/43.............. Book 24: 156
"Off the record", HMJr says Colin F. Stam, Chief of Staff, Joint Committee on Internal Revenue Taxation, trying to force Treasury
to give him information on revenue studies, for his own use as he does not have information or personnel to develop it and is not capable of doing so himself - 9/2/43

Book 24: 258-72

a) HMJr feels that law allowing Stans to call on clerks direct for information is bad organization; requests and information should clear through him - 9/2/43.
1. Budget, Federal Reserve Board, OPA and other departments all refused to give Stam their studies.

2. Stam is "fishing" for information.
Tax - (#1)

Withholding:

SEE Financing, Government (War Savings Bonds and Stamps) -
7/1/43

SEE Financing, Government -
7/29/43

SEE Financing, Government -
8/5/43

SEE Financing, Government -
8/12/43

Book 24: 101

160-61

178

181-89
Tax - (#2)

Withholding:

SEE Financing, Government -

8/18/43

Book 24: 192-201
Tax - (#1)

Alcohol:

Under present regulations liquor may be held in storage 8 years tax-free. HMJr agrees with Senator George's suggestion to reduce holding to 4 years - 11/18/43

a) This would release approximately 100 million gallons which would produce $1 billion revenue, relieve shortage, and solve black market problem - 11/18/43
Corporate:

HMJr restates views expressed in Chicago on post-war taxes saying:

1) He would like to keep corporate and personal taxes high, for duration, to pay off public debt.

2) He favors "capitalistic system" to let people make profits which will yield more taxes.
3) Would encourage "venture capital" to go into peace-time business by adjusting tax laws to encourage it - 6/23/44. Book 25: 249-54
Evasion:

"Off the record", HMJr explains he is studying matter of people hoarding bills of large denominations in effort to evade paying income tax on excessive profits made in black markets - 1/15/44...... Book 25: 82-88

a) Cites case where man in New York was caught with $3 million worth of $1000 bills; others having them trying to sell at $950 to unload before being caught.
Agents all over US checking on large bills - easier to spot than small ones - 1/15/44............. Book 25: 84-85
b) Must stay "off the record" so as not to give enemies tip of what is being done in effort to catch them smuggling stolen money into US - 1/15/44......

86-88
Tax - (#3)

Evading:

"Off the record", HMJr says Miss Vivien Kellems, Founder and Partner of Kellems Co., Saugatuck, Conn., corporate tax returns being investigated for delinquency; nothing can be done on her individual tax until March 15 return is filed - 1/27/44. Book 25: 101-02
Excess Profits:

SEE Tax, Legislation - 12/20/43. Book 251 55-70
President and Congress agree that
simplification of income tax
law and forms should be given
preference over all other matters;
will attempt to get legislation
through in time for new forms to
be used on September returns -
3/10/44

Book 25: 115-22
Tax - (#2)

Income:

SHE Tax, Corporate - 6/23/44... Book 25: 249-54
Tax - (#1)

Legislation:

HMJr reads formal statement to press opposing new revenue bill as tentatively drawn by Senate Finance Committee on ground it will produce only $2.1 billion additional revenue, during time when wages are high and employment good - 12/20/43.......... Book 25: 55

a) Freezing Social Security at present rate of 1% will reduce collections by $1.4 billion - 12/20/43

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